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May 19, 2011

Ms. Cynthia Brown  
Chief of the Section of Administration  
United States Surface Transportation Board  
395 E Street, S.W.  
Washington, D.C. 20423

RE: Ex Parte No. 705

Dear Ms. Brown:

We at Allied Universal understand that the Surface Transportation Board is reviewing the level of rail competition in the national rail system. We at Allied Universal appreciate this timely review and ask that this letter be placed in the record of this proceeding.


After thirty years of partial railroad deregulation, today there are just four major railroads that dominate the rail transportation system, moving over 90% of the nation's rail freight: two operating east of the Mississippi and two west of the Mississippi. For at least the last five to seven years, these railroad companies have enjoyed robust financial health, even through the nation's worst economic downturn since the Great Depression. However, during this same period of time, many rail dependent domestic producers and manufacturers have had limited access to rail competition, have experienced ever increasing rates and costs for rail transportation and often receive inadequate service in return.

In light of the new realities of our national rail transportation system, we encourage the Board to revise its policies to ensure the maximum rail to rail competition possible in our current consolidated freight rail system. Competition, of course, is the cornerstone of our current national rail policy and what the freight railroads sought in 1980 when they advocated the enactment of the Staggers Rail Act. The irony today is that foreign products imported into our nation in containers enjoy the benefits of rail competition while many domestic rail dependent shippers do not. A competitive national rail system is essential to American consumers, the creation of American jobs, increased American exports and a healthy national economy. Improved competition policies by the Board can increase competition in our national rail system, to the national good.

Thank you for your review of this letter. If you have any questions, please contact me at (305) 888-2623/Ext. 109; FAX: (305) 463-8369 or by e-mail: [jimp@allieduniversal.com](mailto:jimp@allieduniversal.com).

Very truly yours,

ALLIED UNIVERSAL CORPORATION

  
Jim Palmer  
President - CEO

/cg

cc: R. Namoff, AUC Chairman of the Board  
M. Koven, AUC Chief Financial Officer  
T. Tucker, AUC Vice President of Operations  
C. Fernandez, AUC Vice President of Sales  
R. Bolte, AUC Regulatory and Compliance Manager

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